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Title: Need to set up an LNG Terminal in Andhra Pradesh.

T. SUBBARAMY REDDY (VISAKHAPATNAM): The additional requirement of power for Andhra Pradesh in the Ninth Five Year Plan is estimated at 8000 MWs. This requirement is to be met by the short gestation naphtha based combined cycle power plants. The Government of India earlier allotted naphtha for l700 Mws. but at present naphtha is being supplied for l500 MWs. If sufficient fuel is allotted, the State Government can take up power projects for l700 MWs based on feasible project reports available.

The expansion capacity of Nagarjuna Fertilisers and Chemicals Ltd. and other gas based power projects, namely, Spectrum, GVK Industries, Jegurupadu and AP Gas Power Corporation, Vijjeswaram would easily take the requirement to over 3000 MWs for fuel allocation. Naphtha is used as feedstock for chemical industries having highly volatile international pricing. As such there will be no stability in power pricing. LNG is the only tested power fuel available on the international scene and India is located on the LNG route from the Middle East which is the major source and Japan which is the major consumer.

Since all the short gestation and expansion projects are situated within a reasonable distance of Visakhapatnam and Kakinada Ports, it would be justifiable to locate an LNG terminal project either at Kakinada or at Visakhapatnam. Organisations like HPCL, Ispath Limited and GVK Industries have expressed their desire to set up an LNG project on the Andhra Coast.

It is, therefore, requested to view Andhra Coast with favour for setting up of an LNG terminal.